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DD/SEC-1004-00

30 October 1963

MEMORANDUM FOR THE RECORD

SUBJECT: Comments on Budget Hearings, 21-25 October 1963

1. A member of the P & F Staff attended each of the Budget Hearings conducted by [REDACTED] on behalf of each Office during the week of 21-25 October 1963. The following general comments are recorded for the benefit of those persons in the DD/SEC Offices who will be engaged in defense of funds throughout the remainder of the year. We have not attempted to analyze or critique individual budget presentations in this paper, but will be pleased to discuss specific Offices' presentations vis-a-vis other Offices should this be requested. 25X1A

2. [REDACTED] opened each hearing with an announcement that he was conveying from the Director of the Bureau of the Budget the message that the 1965 Budget will be the tightest budget passed under the present Administration. This is to be the leanest year for all government agencies and departments, and we should not expect more. In some presentations, [REDACTED] added to this remark that the Intelligence Community in particular is under scrutiny by Congress due to its rapid growth and liberal funding up to this time. There is a feeling that intelligence agencies or components have been liberally funded for several years and that the time is right for a "hard look" and some pruning. A third fact which may make it a difficult budget year for DD/SEC is that all research and development is being looked at by Congress and others with a questioning attitude for the first time. These three conditions provide a rather discouraging condition as a forecast for the 1965 budget. 25X1A

25X1A 3. [REDACTED] made inquiries to each Office regarding their utilization of computers. He requested from [REDACTED] a report on the extent of computer utilization within the Agency. Some rather pointed questions were asked regarding the necessity for funds for outside contracting of computer time when the utilization of the 1410 and 7090 were not excessive. One very pointed question which was fielded by the OCS representative concerned the priority need for the installation of the 7090 last year and the apparent small percentage of utilization at the present time. The answer provided stressed that the requirement was an operational one rather than percentage of usage. 25X1A

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4. Without exception, [REDACTED] asked the question: What would you do with your stated program if you did not get the requested amount of funds; i.e., what would be reduced and what would be deleted. That he received the same answer each time did not discourage him from repeating the question in later meetings.

5. In most meetings a question was asked of the methods and techniques used for coordination of requirements, operations, or production within the field of interest of each Office. Responses were generally good and in one case excellent. In this presentation the operations being conducted were related to assistance which had been received from the Air Force, Navy, JCS, and [REDACTED] intelligence services.

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6. Each Office was asked to explain in varying detail the sources for their policy guidance and requirements. This was answered in various ways, the most effective being that review committees provide a general atmosphere or an environment in which to make some decisions or pursue general direction but that the specific guidance was provided by JCS/SEC.

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7. In several instances [REDACTED] questioned the existence of special details such as security, contracting, and communications within Offices. He definitely favored the utilization of normal staff structure for the conduct of business, but also appeared to understand the necessity for selected individuals who were skilled in the terminology, procedures, and clearances of priority programs. The most effective defense to this line of investigation was that the same number of people would be required in any arrangement but that the training, response time, and clearances require that the operating elements control the daily work and movements of these personnel.

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8. [REDACTED] made frequent references to the Fiscal 64 budget and its tie-in and carry-over to the 65 budget. As a measure of his "homework", he had a page or two of questions for each Office regarding items on the 65 budget. These questions usually concerned items which had been in trouble in one way or another in 64 or did not conform to normal patterns of funding and operation. [REDACTED] was such an item and was mentioned in the hearings for OSI, CBI, CMB, and ODA. Undoubtedly, he will discuss this same project in JCS/SEC and SEC, as he remarked that [REDACTED] could well be a "test case" for a further line of inquiry on budgeting procedure.

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7. [REDACTED] stated that he now relied on the Comptroller's Office and the Budget Division to assure general conformity to budgetary procedures and the manipulation and expenditure of funds within the formats desired by RGA. He indicated that this relationship had "come of age" about two or three years ago and there was a growing reliance on this arrangement by the Bureau of the Budget. This suggests, of course, that we develop a closer working relationship with these two Offices and benefit to the maximum from the support services and continuing assistance which they can provide.

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10. [REDACTED] stated that he would return for additional meetings with some of the Offices, but did not specify which ones nor on what topics. Each Office should have the best idea of its own "soft spots" and should as a matter of prudence prepare an adequate defense of proposed expenditures for these items.

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[REDACTED]
Plans and Programs Staff
Deputy Director
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